

## **City of Willmar Business Subsidy Policy**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Section 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the Willmar community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

The granting of subsidies shall be guided by the following principles and criteria:

1. Each project shall be evaluated based on its perceived importance and benefit to the community from all perspectives deemed relevant, including created or retained employment positions, where applicable.
2. The Act now provides that, after public hearing thereon, if the creation or retention of jobs is determined not to be a goal of a business subsidy, the wage and job goals may be set at zero. Where creation or retention of jobs is a goal, the specific number of jobs to be created or retained shall be stated in the subsidy agreement. Where creation of new jobs is required, those jobs shall have a wage floor of \$10.00 per hour.
3. The specific minimum requirements under Section 116J.994, Subdivision 2, of the Act that a recipient must meet in return for the business subsidy shall be, where applicable:
  4. The retention of existing jobs,
  5. The creation of the specified number of new jobs at or exceeding the wage floor, and/or
    - Where the subsidy relates to the acquisition of personal property or the acquisition and/or physical development of real property, the substantial completion of the acquisition or development thereof.

Where applicable, the foregoing shall also be the stated measurable, specific and tangible goals for the subsidy under the related subsidy agreement, as provided in Section 116J.994, Subdivision 3(3), of the Act.

6. It is recognized that a particular project which does not include as a goal the creation or retention of jobs may nonetheless be worthy of support and subsidy in respect of other perceived benefits.
7. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably specific and demonstrable evidence of the job loss, absent the subsidy.
8. Subject to the wage floor, where applicable, the setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
9. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy, as may be permitted by but subject to the procedural and other requirements of the Act.
10. As provided in the Act, deviations from the criteria of this Policy are permitted by documenting in writing the reasons for the deviation and attaching a copy of the document to the next annual report to the Minnesota Department of Employment and Economic Development (DEED).
11. The terms of this policy, including the setting of the wage floor, shall be reviewed on a bi-annual basis.

This Policy is intended to conform to the requirements of the Act, including the year 2000 amendments thereto. A copy of this Policy (and any amendments hereto) shall be submitted along with the first annual report to DEED following its adoption.

Adopted by:	the City Council of the City of Willmar, Minnesota
Date of Adoption:	<u>March 15, 2004</u>
Date of Public Hearing:	<u>March 15, 2004</u>